ANNUAL REPORT 1935



WOOLWORTH BUILDING
New York

OFFICERS

J. SPENCER WEED	-	-	-	-	-	-		-	President
LANSING P. SHIELD	-	-	-	-	-	-	-	Vic	ce-President
Louis C. Wadmond	-	-	-	-	-	-	-	Vic	ce-President
SAMUEL WINOKUR	-	-	-	-	-	-	-		- Secretary
THOMAS C. BUTLER		-	-	-	-	-	_	-	Treasurer

DIRECTORS

RALPH T. CRANE

JOHN FOSTER DULLES

RAY MORRIS

J. SPENCER WEED

TO THE STOCKHOLDERS:

The consolidated balance sheet as of December 28, 1935 and the annual consolidated earnings and surplus accounts of The Grand Union Company and its subsidiaries are submitted herewith, together with the certificate of our auditors, Lybrand, Ross Bros. & Montgomery.

Net income, after deducting all charges including depreciation, federal and state taxes, amounted to \$184,429.50. Sales amounted to \$27,996,072., exclusive of \$33,079. green coffee jobbing sales, compared with retail sales in 1934 of \$27,770,405., also exclusive of green coffee jobbing sales.

Although retail sales showed an increase over those of the preceding year and a reduction of \$219,997.28 in expenses was effected, profits were less. This we attribute to competitive conditions which have not permitted high enough retail prices to offset the increased cost of merchandise. Taxes continue to increase.

The reorganization of our western business, referred to in last year's letter to stockholders, has made definite progress.

Cash on hand amounted to \$868,992.47 at the end of the year, compared with \$539,821.75 at the close of the previous year. There are no bank loans and the company has no funded debt.

At the end of the year the company was operating 666 branches compared with 675 at the end of 1934.

A total of \$1.50 per share was paid on the Preference Stock during 1935, as against the normal requirement of \$3.00, so two dividends of \$.75 per share remained unpaid and cumulative against the future. At the Directors' meeting held on January 28, 1936, a further dividend of $37\frac{1}{2}$ cents per share was declared payable on March 1, 1936 to Preference Stockholders of record on February 10.

J. SPENCER WEED,

President.

THE GRAND UN

CONSOLIDATED At Decemb

ASSETS

Current assets:												
Cash on ha	nd and	in ba	anks	-	-	•	•	-	-	-	\$	868,992.47
Accounts rec	ceivable											
Trade	-	-	-	-	-	-	-	\$	649,09	6.32		
Miscella	aneous	-	-	-	-	-	-		130,60	9.47		
									770.70	5 70		
Le	ss, Allo	wance	s for	losses	-	-	-		779,70: 163,03			616,674.05
Operating a	dvances	to an	d rece	eivable	s from	n age	ents					
and em	ployees	-	-	-	-	-	-	-	-	-		26,673.05
Inventories a	at costs	(not in	n exce	ess of n	narke	t):						
Mercha	ndise	-	-	-	-	-	-	2,	552,12	3.12		
Premiu	ms	-	-	-	-	-	-		175,64	0.08		
Supplie	s -	-	-	-	-	-	-		134,59	2.78	2	,862,355.98
Total	curren	t ass	ets			-	-	-	-		4	,374,695.55
Investments at co-					nce f	or los	sses -	-		-		16,727.42
Real estate at ma per appraisa addition of at which a previously of	\$7,868.2 mortgag	ott R	ealty resen	Appra ting th	isal (Co., p	olus unt		185,82	1.42		
	llowand ents	e for	depr	eciation -	of -	impro -	ve-		6,78	2.28		179,039.14
								_				
Machinery, fixtu to \$1,583,8 December 3	79.72 r	epreso	enting	g reval	uatio			2,	704,96	0.36		
	Allowan								266,88		1	,438,079.23
				_								, ,
Premium mercha					mers	at c	ost,		414 01	676		
less cost of					-	-	-		414,91			22/1/000
Less, A	llowand	e for	losses	5 -	-	-	-		78,76	6.87		336,149.89
Prepaid expenses	, deferi	ed ch	arges	, etc.	-	-			-			60,793.93
Good will -		-						-				1.00
											_	
											\$6	5,405,486.16

VION COMPANY BSIDIARIES

BALANCE SHEET

er 28, 1935

LIABILITIES

Current liabilities:		
Bankers' acceptances against coffee received under		
trust receipts		\$ 81,446.86
Accounts payable, trade Accrued liabilities:		908,729.56
Taxes	\$ 24,206.20	
Other	33,174.38	57,380.58
Total current liabilities		1,047,557.00
Employees' fidelity deposits		65,786.12
Mortgages on real estate		12,000.00
Liability to minority stockholders of dissolved subsidiary		,
company		6,019.05
For unredeemed premium tickets	15 210 15	
For rentals and expenses of closed stores and ware-	45,319.15	
houses	10,875.67	56 104 00
1104000	10,073.07	56,194.82
Note: The company is contingently liable for approximately \$6,000 collectors of credit.	of unused balances of	1,187,556.99
CADITAI		
CAPITAL		
Capital stock:		
Convertible cumulative preference stock without		
par value, entitled to \$60 per share on redemp-		
tion or in liquidation:		
Authorized 500,000 shares		
Issued and outstanding 159,550 shares		
of \$3 dividend series	3,988,750.00	
Note: After giving effect to the December 1, 1935 dividend payment, the dividends on the preference stock as at that date were in arrears \$1.50 per share.	3,,, ==,,,,,,,,,	
Common stock, par value \$1 per share:		
Authorized 750,000 shares (of which 239,325		
are reserved for conversion privilege at-		
taching to preference stock)		
Issued and outstanding 286,867 shares	206 067 00	
Note: 16,500 shares of common stock are under continue	286,867.00	
\$2.50 per share (1,000 shares to May 1, 1936, 3,500 shares to May 31, 1936 and 4,000 shares for each of		
the three years ending May 31, 1937 to 1939) out of a total of 45,950 shares reserved for issue at not less		
a total of 45,950 shares reserved for issue at not less than \$2.50 per share.		
Capital surplus, including \$750 arising		
in 1935 through issue of common		
charles at a mineral C		
Hormon annual and an annual	0/2 212 1=	
Earned surplus, as annexed 278,195.03	942,312.17	5,217,929.17
		\$6,405,486.16

CONSOLIDATED INCOME ACCOUNT

for the year ended December 28, 1935

Sales		\$28,029,151.54
Cost of sales		20,937,315.04
Gross profit, before depreciation -		7,091,836.50
Selling and general expenses, and depreciation: Store expenses, salaries of clerks, managers and superintendents, delivery, advertising and other expenses -	\$5,974,951.57	
General and administrative expenses including provision for federal income and capital stock taxes	633,192.54	
Depreciation of distribution equipment, etc	306,841.88	6,914,985.99
Profit from operations		176,850.51
Miscellaneous income, interest, etc., less miscellaneous deductions of \$54,700.16		7,578.99
Net income		\$ 184,429.50

CONSOLIDATED EARNED SURPLUS ACCOUNT

for the year ended December 28, 1935

Balance, December 29, 1934	-	•	-	-	-	-	\$333,072.03
Net income for 1935, as annexed -	-	-	-	-	-	-	184,429.50
Dividends paid on preference stock -	-		-	-	-	-	517,501.53 239,306.50
Balance, December 28,	1935	-	-	•	-	-	\$278,195.03

AUDITORS' CERTIFICATE

To The Grand Union Company, New York, N. Y.

We have made examinations of the balance sheets of THE GRAND UNION COMPANY and of its Subsidiaries as at December 28, 1935 and of the related statements of income and surplus for the year 1935. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence and obtained information and explanations from officers and employees of the companies; we also made general reviews of the accounting methods and of the operating and income accounts for the year, but we did not make detailed audits of the transactions.

In our opinion, based upon such examinations, the foregoing consolidated balance sheet and related statements of consolidated income and surplus fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, the consolidated position of the companies at December 28, 1935 and the consolidated results of their operations for the year.

LYBRAND, ROSS BROS. & MONTGOMERY

New York, March 5, 1936.

